

AMENDED IN ASSEMBLY MAY 22, 2003
AMENDED IN ASSEMBLY MAY 14, 2003
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CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

Assembly Constitutional Amendment

No. 7

**Introduced by Assembly Members Dutra and Wolk
(Coauthors: Assembly Members Diaz and Mullin)**

January 14, 2003

Assembly Constitutional Amendment No. 7—A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by adding Article XIX C thereto, relating to transportation.

LEGISLATIVE COUNSEL'S DIGEST

ACA 7, as amended, Dutra. Transportation funding: transactions and use tax.

The California Constitution conditions the imposition of a special tax by a city, county, or special district upon the approval of $\frac{2}{3}$ of the voters of the city, county, or special district voting on that tax, and prohibits these entities from imposing an ad valorem tax on real property or a transactions or sales tax on the sale of real property. Existing statutory provisions and provisions in the California Constitution either impose or authorize the imposition of state or local sales or transactions and use taxes upon the gross receipts from the sale within the taxing jurisdiction of, or the storage, use, or other consumption in this jurisdiction of, tangible personal property.

This measure would authorize a local transportation agency and a regional transportation agency, as defined, notwithstanding any other provision of the California Constitution, to impose an additional transactions and use tax for a period of 20 to 30 years, as specified, at a rate of 0.5% exclusively for transportation purposes within the jurisdiction of the local or regional transportation agency if the additional tax is approved by 55% of the voters of the jurisdiction voting on the proposition to impose the tax.

This measure would require the revenues derived from these taxes to be deposited in the Local Transportation Infrastructure Account, which would be created in the State Transportation Fund. The measure would require the State Board of Equalization to collect and administer the tax revenue. The measure would require moneys in the account that were collected for each local or regional transportation agency, less administrative costs and refunds, to be transmitted by the State Board of Equalization to the local or regional transportation agency imposing the tax, and to be used for specified transportation purposes.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

1 *Resolved by the Assembly, the Senate concurring,* That the
2 Legislature of the State of California at its 2003–04 Regular
3 Session commencing on the second day of December 2002,
4 two-thirds of the membership of each house concurring, hereby
5 proposes to the people of the State of California that the
6 Constitution of the State be amended by adding Article XIX C
7 thereto, to read:

8
9 ARTICLE XIX C

10
11 TRANSPORTATION IMPROVEMENT AND
12 MAINTENANCE ACT

13
14 SECTION 1. (a) Notwithstanding Section 4 of Article XIII A,
15 Section 2 of Article XIII C, or any other provision of this
16 Constitution, for the exclusive purpose of funding local and
17 regional transportation planning, research, design, construction,
18 operation, maintenance, and rehabilitation, and environmental
19 mitigation related to the impacts of transportation projects, a local
20 transportation agency or a regional transportation agency may,



1 with the approval of 55 percent of the voters of the jurisdiction
2 voting on the proposition, impose the following transactions and
3 use tax within its jurisdiction, pursuant to Part 1.6 (commencing
4 with Section 7251) of Division 2 of the Revenue and Taxation
5 Code, or any successor to that law:

6 (1) For the privilege of selling tangible personal property at
7 retail, a transactions tax imposed pursuant to Section 7261 of the
8 Revenue and Taxation Code, or any successor to that section, upon
9 all retailers at the rate of one-half of 1 percent of the gross receipts
10 of any retailer from the sale of all tangible personal property sold
11 at retail in the jurisdiction.

12 (2) A use tax imposed pursuant to Section 7262 of the Revenue
13 and Taxation Code, or any successor to that section, upon the
14 storage, use, or other consumption in this state of tangible personal
15 property purchased from any retailer for storage, use, or other
16 consumption in the jurisdiction at the rate of one-half of 1 percent
17 of the sales price of the property.

18 (b) (1) If a transactions and use tax of limited duration,
19 authorized to be imposed by the local or regional transportation
20 agency for transportation purposes, has not been imposed and is
21 not in effect in the jurisdiction of a local or regional transportation
22 agency on the date that a tax described in subdivision (a) is
23 approved by 55 percent of the voters of the jurisdiction voting on
24 the proposition to impose the tax, the tax described in subdivision
25 (a) is imposed for a period of 20 years, commencing with the first
26 calendar quarter that commences more than 90 days after the
27 effective date of the approval of the tax by the voters.

28 (2) If a transactions and use tax, imposed for transportation
29 purposes by the local or regional transportation agency, is in effect
30 in the jurisdiction of a local or regional transportation agency on
31 the date that a tax described in subdivision (a) is approved by 55
32 percent of the voters of the jurisdiction voting on the proposition
33 to impose the tax, the tax described in subdivision (a) is imposed
34 for a period of not more than 30 years, commencing with the first
35 day upon which the transactions and use tax then in effect is
36 repealed or otherwise becomes inoperative, or commencing with
37 the first calendar quarter that commences more than 90 days after
38 the effective date of the approval of the tax by the voters,
39 whichever is specified in the tax ordinance that is adopted by the
40 local or regional transportation agency and approved by the voters.



(3) (A) Except as otherwise provided in paragraphs (1) and (2), the tax described in subdivision (a) shall be imposed in a local or regional transportation agency in addition to any other state or local sales and use tax or transactions and use tax imposed in that jurisdiction in accordance with law.

(B) For purposes of this article, a transactions and use tax imposed for transportation purposes in accordance with this article does not include any portion of a local sales and use tax that is imposed pursuant to the Bradley-Burns Uniform Local Sales and Use Tax Law (Part 1.5 (commencing with Section 7200) of Division 2 of the Revenue and Taxation Code), or its successor.

(4) The tax described in subdivision (a) shall be administered in the same manner as the tax imposed pursuant to the Transactions and Use Tax Law (Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code), or its successor, and shall be subject to any exemption from taxation set forth in that law.

(c) For purposes of this section, “regional transportation agency” means any of the following, or a successor:

(1) The Metropolitan Transportation Commission.

(2) The Los Angeles County Metropolitan Transportation Authority.

(3) The Orange County Transportation Authority.

(4) *The Sonoma-Marin Area Rail Transit District.*

(5) Any transportation entity designated or authorized by statute as a regional transportation agency.

(d) For purposes of this section, “local transportation agency” means both of the following:

(1) (A) The local public entity designated within a county or a city and county, or authorized by statute, whose function is to administer, deliver, or implement a voter-approved transportation sales tax for transportation projects and programs within the boundaries of a county or a city and county, or its successor.

(B) If an entity meeting the criteria of subparagraph (A) does not exist, the designated congestion management agency within a county or a city and county, or its successor, or the county transportation commission, or its successor.

(2) A local council of governments with the authority to administer or deliver a county transportation expenditure plan, or its successor.

(e) The tax described in subdivision (a) shall be collected and administered by the State Board of Equalization, or its successor agency, pursuant to Part 1.6 (commencing with Section 7251) of Division 2 of the Revenue and Taxation Code, or any successor to that law. The revenues derived from that tax shall be deposited in the Local Transportation Infrastructure Account, which is hereby created in the State Transportation Fund. The State Board of Equalization shall transmit the moneys in that account no less frequently than on a quarterly basis as follows:

(1) To the State Board of Equalization for its costs of collection and administration.

(2) For the payment of refunds of amounts of tax improperly collected pursuant to this section.

(3) The balance to each local or regional transportation agency of the remaining amount of those tax revenues that were collected with respect to a sale, storage, use, or other consumption of tangible personal property that occurred in the jurisdiction of the local or regional transportation agency imposing the tax.

(f) All revenues received by a local or regional transportation agency pursuant to this section shall be expended exclusively for local and regional transportation planning, research, design, construction, operation, maintenance, and rehabilitation, and for environmental mitigation related to the impacts of transportation projects.

(g) Revenues derived from the tax imposed pursuant to subdivision (a) are not General Fund proceeds of taxes within the meaning of Article XVI.

(h) Allocations made from the Local Transportation Infrastructure Account, and the expenditure by a local or regional transportation agency of revenues received from that account, are not “appropriations subject to limitation” within the meaning of Article XIII B.